

ADDRESS ON TAXATION,

BY

MR. THOMAS HILLS,

CHAIRMAN OF THE ASSESSORS OF BOSTON.

DELIVERED BEFORE

THE BOSTON EXECUTIVE BUSINESS ASSOCIATION,

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ADDRESS.

GENTLEMEN OF THE BOSTON EXECUTIVE BUSINESS ASSOCIATION:

At your Annual Meeting in October last, a committee appointed six months previous "to consider the question of taxation for the city of Boston," submitted a report recommending radical changes in our Massachusetts system of assessment. I have been honored by an invitation to join in the discussion of that paper. My part shall be to review the report from the stand-point of one who cannot agree with the conclusions of the committee or the reasoning that led to them. The subject is so important and far-reaching that the most concise statement will occupy more time than is usually allotted to one person on such an occasion. Though the necessities of the case make the manner of dealing with it hard and dry, I shall not attempt to relieve its presentation with any rhetorical dress. To none other than a collection of Boston business men would I venture upon such a style of discussion, but interested as you must be in the subject, I trust I shall not weary you beyond endurance.

And let me say in the beginning that a majority of your committee are of my personal friends and acquaintance, and though they have not spared me in their report, I have not considered their remarks as personal, but as aimed at the opinions I am known to hold. In my review of their report let no words of mine be construed into an attack upon the committee, for whom I entertain sentiments of sincere respect, but let my plain words be deemed as directed only at the views they have adopted as their own. And now without another word of preface let us consider their report.

STATEMENT OF THE CASE, AND PROPOSED REMEDY.

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The foundation of it appears to be the opinion of the committee that so small a proportion of personal property is assessed under our laws, that what is discovered, and with the real estate of the community taxed, is so disproportionately burdened that great injustice results. That so large a part of the personalty escapes, that what is found by the local assessors and added to the valuation of the realty, makes an insufficient basis of taxation, and all the money needed for the city's requirements cannot be obtained by the rates of taxation applied to the whole amount of assessable property. Their remedy is to give up all local assessment of personal property for city taxes; to have the Commonwealth relieve the city of all

State and county assessments. They provide for the deficit their scheme would make by transferring to the State the power to assess certain classes of personal property, especially that which passes through our Probate Courts, and by the special assessment of certain franchises.

THE RELATIVE VALUE OF REAL AND PERSONAL PROPERTY.

The corner-stone of their foundation is their belief that

“the personal property of both city and State, which, under the law, is subject to taxation, cannot be less than twice the value of the real estate.”

They say:—

“Upon this *all* recent writers agree.”

They do not name the writers. I wish they had done so. I have not met the statements of any recent writer who would be considered an authority upon that point—other than the Hon. David A. Wells, who in his report to the governor of New York, in 1870, put the value of the personal estate as equal to that of the real. But the committee think that twice the value of real property is an under-estimate of the value of the personal, for they indorse the opinion of “a distinguished professor of political economy,”

“that in such great financial States as Massachusetts and New York it was undoubtedly true that the personal property of the people of these States was in value fourfold that of real estate.”

But

“to make the point strong beyond doubt, a concession of one half was made, and it was called only twice the value of real property.”

But they add:—

“Every day, however, facts and opinions come to us which only strengthen the original opinion expressed.”

What this proportion is, is evidently a matter of opinion, with no accurate data upon which to make a determination. We have as much right to reason on it as any one. Let us spend a few moments in its consideration.

Seventeen years ago the great fire of Boston swept over sixty-five acres of the best part of the business district of our city. There, if anywhere, would have been found the largest proportion of personal property as compared to the real estate upon which it was placed. It was because the buildings of that district were so crowded with merchandise that the fire was beyond control, until it reached a point where there were no warehouses. No other district in our city of equal area could have exposed so great a value of personal property to a conflagration. It is generally conceded that the total loss by that fire was \$75,000,000. The assessed value of buildings destroyed was in round numbers \$14,000,000, and of the land on which they stood \$28,000,000,—a total real-estate value of

\$42,000,000. This leaves \$61,000,000 for the value of the personal property destroyed; about one hundred and forty-five per cent of the value of the real estate. Another test indicates that this estimate is ample. The insurance placed on the property of the district was \$52,076,600. Deduct the assessed value of the buildings destroyed, and the approximate value of the personal property covered is found to be about \$38,000,000, or about ninety per cent of the real estate. Take the fire of sixty days ago in Bedford and Chauncy streets. The assessed value of the real estate where the buildings were destroyed or badly injured was \$3,035,000. Land, \$2,116,400; buildings, \$918,600. The insurance loss is officially stated in to-day's papers, and for personal property is found to be \$2,502,707, — an amount equal to eighty-two per cent of the real property upon which it was stored. I need not remind business men that insurance is not an infallible test of values. But we are now in the region of estimate, and not of accurate statement. It is admitted that it can be claimed that this proportion is only approximately correct, for the reason that personal property was consumed upon which there was no insurance, and much saved that was covered. But the value of the uninsured personal property that was destroyed is known; it amounted to \$370,188. We have, then, an ascertained personal property loss of \$2,872,892; less than ninety-five per cent of the value of the real estate. Nothing is left for estimation but the value of the property saved upon which there was insurance. Let the other five and one half per cent stand for this sum, and in this most favorable location for sustaining the committee's estimates we find that the destruction of a score of warehouses shows that in the heart of the business district of our city the value of real and personal property is only about equal.

But let us further try the committee's estimate, which "every day" is strengthened, in their opinion. Boston's real estate, \$600,000,000; personal, "fourfold," \$2,400,000,000; total, \$3,000,000,000. I shall like to assess taxes in Boston upon that valuation. We could have all we desired. There would be no complaint about the rate. Can you conceive of the sum your committee say is the true valuation of Boston? The amount is larger than the national debt at the close of our Civil War. Try their figures by the population of the city, — we all hope that the census of this year will find it 450,000, — call it that; and you have an average of over \$6,600 *per capita*. Hereafter as I pass through the lower end of South Boston, on my way from home to business, and note that teeming population, it seems to me I shall look with ever-increasing respect upon each ragged urchin, for in one sense at least he is the representative of \$6,666.

At our last election our voters numbered 70,344, — not those who voted only, but those on the lists. Let us hope they voted wisely. Had they known that the ballot of each citizen affected the destinies of a city where the property to be protected was an average of over \$34,000 to each voter

it is probable they would have exercised the right of a freeman under a sense of responsibility they never felt before.

In discussing the income tax the committee find a possible assessment in forty years of \$100,000, and ask,

“What proportion of the business men about us can show as much money as this as the net gain of as many years of toilsome business?”

If the retired business men have but moderate competencies, and the common people have less, where is this immense sum that the committee thinks exists, and who hold it?

But I close this branch of my review with something a little better than estimates. Your committee state that the amount of property which “passed through the Probate Court of Suffolk last year was not far from \$25,000,000.”

They are doubtless right in this estimate. I know the source of their information. It could not be better. I thought that here was an opportunity, following in their footsteps, to get some definite figures that would go far to determine this vexed question. For though the inventories of many estates are never filed, yet any considerable number being entered, it is reasonable to suppose that the proportions of real and personal would be substantially the same in all estates as was found to exist in any number large enough to represent a fair average of the property of the community.

The investigation involved no little labor; for while the docket indexes showed the amount of both classes of property, yet the true value of the realty could only be obtained by an inspection of the inventory, as in many cases only the value of the equity of a mortgaged estate would be shown upon the face of the return.

In the year which ended on the 1st of May last, nine hundred and twenty-five inventories were filed, and their analysis would, I think, have been generally accepted, but in the volumes that were accessible only three hundred and forty-four had been entered. That number returned \$4,131,255 real, and \$5,759,753 personal estate. The real estate was subject to a certain amount of mortgage, but for fear that I shall open the discussion as to their status as debts or property, I accept the figures as they stand, and find that of \$9,891,000 of property represented, forty-two per cent was real and fifty-eight per cent personal estate. We will not pursue this branch of the report further. It may be that the committee have this day, as “every day,” received “facts and opinions” “which strengthen the opinion” expressed, that the value of the personal is “fourfold” that of the real estate — that outweigh the considerations that have been presented.

THE CLAIM THAT THE MASSACHUSETTS SYSTEM IS UNJUST AND ILLEGAL.

But starting from their premises, the committee assert that,

“We all know, because it cannot help being known of all men, that ‘taxation in the city of Boston and State of Massachusetts,’ so far as personal property is con-

cerned, is the greatest piece of injustice and inequality that could be well conceived of."

If your committee were denouncing an autocratic and centralized government for the injustice its members conceive it is inflicting upon the people, we could give them credit for the sincerity of their convictions if we did not agree with their views. But what shall be said for their position when we reflect that this is a government of, by, and for the people? If the committee are right, the people of this Commonwealth have foolishly oppressed themselves for the past two and one half centuries, or have been too ignorant to know what was needed for their own prosperity.

We have the admission of the committee that our present system is not ruinous, for although they say that each year produces "more and more of its evil fruits," yet they are apparent only "with every year of the growth and prosperity of the city and State." But your committee charge that taxation in Boston and Massachusetts is

"in violation of that constitutional declaration, that it shall be proportionate and reasonable, as well as of that statutory law which requires that it shall be according to the ability of citizens."

It is a sufficient answer to this position to say that if such is the case, a court that has enjoyed the confidence of all good citizens from its establishment can promptly right the wrong. There is no need for argument here or in legislative halls; the mandate of the judge that relieves one citizen from illegal assessment will settle the law for all. But just what do the committee mean when they say that our taxation is in "violation" "of that statutory law which requires that it shall be according to the ability of citizens"? That our laws are based on the idea that each shall contribute to the public needs, according to his ability, I and those who think with me will claim, and your committee and those who hold similar views will deny. But both sides must admit that there is no statutory law in which that idea is specifically expressed. The law says that all property shall be taxed, and it is the complaint of the committee that such is its requirement. Their position is equivalent to saying that the execution of the law is its violation. Their expression, that the taxes in our city are assessed and collected without

"decent regard for the safeguards and assurances of the Constitution and laws of the good old Commonwealth in which we live,"

is entirely gratuitous and unwarranted.

THE RELATIVE AMOUNTS OF PROPERTY IN NEW YORK, PENNSYLVANIA, AND MASSACHUSETTS.

The absence of reliable statistics in your committee's report or that are easily attainable elsewhere, upon which to base an opinion as to the relative amounts of personal property in New York, Pennsylvania, and Massachu-

setts, leads me to pass that part of the report without comment. I am not entirely ignorant of the laws and methods relating to assessments in our sister States; but can occupy the time allowed me to better purpose than to give opinions based on such information as is available. But not to pass unnoticed the important comparison called to your notice, I have asked one of my associates of this evening to speak to that point.

EVASION OF TAXATION.

"It would be easy," say your committee, "... to bring ... facts within their own knowledge in our own State showing how immense estates in personal property have, and do, escape that share of the public burdens which by law rest upon them."

I am happy in this connection to note that they do not intimate that the assessors of Boston have been parties to these evasions of assessment, further than to say they have been informed

"that even the eminent chairman of the Boston Board has been, we will not say unwisely or unjustly, compelled to do a pretty considerable amount of hard winking at facts, that Boston need not always get worsted in the encounter!"

I think I have a right to speak for that gentleman, and while he has not knowingly been blind to what it was his duty to see, or attempted by hard winking to be oblivious to disagreeable duties, yet while it is the policy of the law, that even the criminal on trial shall have the benefit of every reasonable doubt, he will exercise that discretion which the law intrusts to him, in estimating the unseen. He accepts the qualified compliment of the committee that in so doing he has acted not "unwisely or unjustly," as being not wholly unmerited. But the evasion which they are sure exists, your committee are unwilling to denounce, and apologize for it, and say that when they, or you, their fellow-members, become millionnaires, you all will "do as most other millionnaires do or have done," and that the blame for it will not be yours, but that the "system" of taxation will be responsible for it, "and for that the people of the State are responsible." They add, however:—

"Your committee, however, are not unmindful of that view of the case expressed in the following language. We quote from the chairman of the Boston Board of Assessors:—

"That personal property in Massachusetts declared by her laws to be subject to taxation does in some degree escape assessment it is impossible to deny. The most vigilant of assessors cannot find it all, and there are not wanting those in every community willing to invoke the name of the Creator to the truth of a statement which is a falsehood and a fraud."

Before commenting on this statement, it is proper to say that your committee were not justified in giving me credit for the quotation. They found it in the report of the Commission on Taxation of 1875. Associated with me as members of that body were President Seelye, of Amherst College, and Judge Barker, of the Superior Court; gentlemen of acknowledged ability,

above the suspicion that they would accept as their own, statements or opinions which they did not believe to be true. Your committee characterize the quotation from the report as a forcible statement, and ask : —

“Is there truth and justice enough in it to have any considerable weight in this discussion? We unhesitatingly say no, and unqualifiedly condemn both the spirit and method of treating the subject. We doubt if there is a millionaire in the Commonwealth who would for a moment entertain the thought of making such a solemn false statement.”

A committee who think that if they reach the “dangerous condition” of millionnaires they would be “quite likely to do as most other millionnaires do,” have certainly a right to an opinion as to what one of that class would do under any circumstances.

But I think that even the committee will admit that they have limited opportunities for judging what a millionaire would do, who was in the “dangerous condition” of being called on to contribute twelve or fifteen thousand dollars annually to the public treasury. Perhaps they may be willing to admit that an assessor who represented the government that demanded the contribution and met the unwilling contributor, would have better opportunities to judge, than one who was a stranger to the transaction. Just how much “truth and justice” your committee would require in a statement before they would consent that it should “have any considerable weight in this discussion,” there is, I presume, no means of determining.

But, as a representative of the tax department of the city of which we all are tax-payers, I assert that, had they the same experience that has fallen to my lot, they never would have penned the quotation I have taken from their report.

I am not a believer in the total depravity of millionnaires. I have found so large a number of noble, public-spirited men among our heavy tax-payers, that I am willing to say that, in my opinion, the retired capitalists of Boston will compare favorably with the business men of our city, in meeting their obligations to the public as measured by our tax laws. But he must be a blind observer of human nature who expects to find with increase of wealth, a decrease of the desire to avoid assessment. A statement of the worst case that has come under my observation will, I think, satisfy the most incredulous that the statement your committee “unqualifiedly condemn” was warranted by existing facts, and that the actors in it were but types of classes that are with us, and will remain with us. Consideration for those still living among us, nearly related to the millionaire assessed, forbids my giving names or dates, or even putting to paper the story of the case.

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Perhaps in this connection, and before we forget that your committee have expressed the opinion that there is not “a millionaire in the Commonwealth who would for a moment entertain the thought of making such a

solemn false statement" as filing with an assessor, under oath, a fraudulent list of his property, it might be profitable to recall a case that can be named, because some ten years since the particulars of the transaction were given to the world by the public press. About that time the elder Mr. Vanderbilt appeared at the assessment office of the city of which he was one of the wealthiest, if not the wealthiest inhabitant, and swore off every dollar of his personal assessment, upon the ground that "his just debts and liabilities exceeded the amount of his personal property." Perhaps it is the superior virtue of Massachusetts millionnaires, not one of whom, in the opinion of your committee, "would for a moment entertain the thought of making such a solemn false statement," that enabled your committee to find that in our State one fourth of the assessed aggregates were of personal property, while in wicked New York the proportion sunk to one tenth. To my mind, the more reasonable explanation is, that Massachusetts has a better assessment law, and that it is better enforced; and that here real estate and business are relieved to the extent that wealth in the hands of the capitalist class is compelled to contribute. But whether it is our superior virtue or the greater intelligence of our law-makers that produces the difference, it is clear that one millionaire, at least, was not only capable of thinking of making "a solemn false statement," but of actually making it, for within a few weeks of the time when he took that oath, he purchased \$40,000,000 of United States four per cents without an entry being made in the Registry of Deeds, to show that he had sold any real estate with which to make the purchase.

The statement of these cases is made with regret, and I gladly went outside the State for one illustration. You must take my word for it—they do not stand alone in my memory. But with what we know of human nature, your committee must not discredit our intelligence to the extent of asking us to accept without qualification their statement that "the assumption that men perjured themselves to escape taxation . . . is too monstrous in its folly to be entertained."

But your committee also "unqualifiedly condemn" a statement of the Tax Commission to the effect that

"There are not wanting officers who shut their eyes to the facts they have sworn to observe in the supposed interest of the locality of which they are residents, and help the possessors of wealth to act the lie they dare not utter." Your committee think "this reflection upon assessors . . . is as unbecoming as unwise."

The committee may be right. What is unbecoming or unwise is a matter of opinion. But they do not venture to say that they think it untrue. In fact, they admit its truth. Before leaving the discussion of this branch of their subject, they say:—

"All the efforts of the Board of Assessors of Boston, or any other city, will not avail to influence the selectmen in the towns of the State from taking care, *in their*

own way, of the interests of these localities which so often prove to many a city of refuge from a burden of taxation which could not otherwise be endured. In this connection is it not worthy of remark, that the retired man of business, compelled to live on the very moderate income which at the present time safe investments realize, must go where he will not be compelled to divide the same with the assessors in such unjust and unreasonable proportions as we witness in the taxation of small trust estates?"

Comment on this part of the report is needless. We do not have to read between the lines to see the assessor, sworn to observe the laws, violating his oath of office; and the bargain to be taxed on a "limited amount," made a criminal offence by our statutes, not only admitted, but the parties to it referred to, the one as offering, the other as fleeing to "a city of refuge"; and the unequal assessment of every property-holder in the community of which the tax-dodger has made himself a part, resulting from this corrupt bargain, is commended as something just and reasonable.

THE INCIDENCE OF TAXATION OF REAL ESTATE AND THE PLAN OF THE COMMITTEE.

I must pass without notice the views of certain political economists in whose school your committee have evidently been studying, if I am to have time to deal with the view which the committee have adopted. But in quoting Judge Cooley and others with approval, your committee say, that the argument that the burden of taxation thrown upon real estate by the exemption of personal property from assessment

"will not in the end come out of the real-estate owner is too familiar to be repeated. *It is well understood and fully accepted* by all who have a large grasp of the whole subject, and by none more so than large real-estate owners in Boston and other centres of population."

Will the committee tell us, then, when they would raise the tax limit from nine to twelve dollars for city purposes, and give Mayor Hart "that other million which he thinks . . . the city should have," if there is to be no tax upon personal property, and "in the end" the tax is not to "come out of the real-estate owner," where the money *is* to come from? Who is to pay it "in the end"? And when this tremendous burden is put upon the users and occupiers of real estate, as they think it will be, what is to be the compensation of that part of the community outside our great cities, upon whom a burden has been laid, and no corresponding burden lifted? The reward for carrying a doubled tax on rural real estate is thus outlined by the committee. They say:—

"Indeed, we think many in the country even are beginning to find out that to multiply through all the Commonwealth such centres of wealth, beauty, and an attractive and money-spending people as are to be found in Lenox and Lancaster and Williamstown, and many other interior and sea-shore towns, it would only be neces-

sary to relieve such persons from liability to be taxed upon their personal estate, *when they would freely invest in real property*, and make these country residences their abiding-places and *real homes*."

To this beautiful pastoral, why could not the committee have added the last touches, and have given us a happy and contented peasantry, basking in the smiles of those who "toil not, neither do they spin," and so have given us an entirely finished picture of the European civilization?

But your committee were too intelligent not to see that when they threw overboard personal property locally assessed, they must trim ballast, or give up the hope of bringing their ship into port.

They applied their remedy where they thought it would do the most good, or where possibly they deemed there was the most danger.

Their scheme is, for the purposes of taxation, to reduce small estates (\$3,000 and under) thirty-three per cent, an aggregate of \$30,000,000 under-valuation, and increase the assessment of our four business wards (6, 7, 10, and 12) ten per cent, an aggregate of \$22,000,000 of over-valuation.

Waiving the discussion as to who pays the tax of this business property "in the end," and how much of it would sift down to the occupiers of the small estates, and those "used for agricultural purposes," which are also included by the kind consideration of the committee, there is this to be said to their proposition. Whatever may be the form of the organic law of Pennsylvania, which permits the city of Philadelphia to tax its city wards at full rate, its suburbs at three fourths, and its farm land at one half of the city rate, that of Massachusetts is not so elastic. In a case decided in 1875, where one class of real estate, reservoirs of water for mill power, assessable by a special law on a scale different from other real estate, our Supreme Court found the act unconstitutional. In their decision, the Court say that the provision of the Constitution that "requires that all taxes levied under its authority be proportional and reasonable, forbids their imposition upon one class of persons or property at a different rate from that which is applied to other classes; whether that discrimination is effected directly in the assessment, or indirectly through arbitrary and unequal methods of valuation." (118 Mass. 386.)

It will hardly be profitable to further consider the proposition of the committee, or their suggestion that "a reasonable amount of common-sense on the part of the assessors in Boston" would "nearly meet all the difficulties, antagonisms, and hardships of the change."

COLLATERAL AND SUCCESSION TAXES.

It is a pleasure to agree with your committee as to the expediency of a collateral inheritance and succession tax. I can hardly do otherwise, as the commission of which I was a member, and to which I have already referred, suggested it to the Legislature fifteen years ago.

THE INCOME TAX.

Much of the space of your committee's report is used in denouncing the assessment of the income above \$2,000 of a "profession, trade, or employment," which, under its old-time name of the "faculty tax," has been a part of the assessment law of Massachusetts from the earliest colonial times. An extract from the law of 1646 will show that an income tax upon business men has been in force in this State for more than two centuries:—

"And for all such persons as, by the advantage of their arts and trades, are more enabled to help bear the public charges than common laborers and workmen, as butchers, bakers, brewers, victuallers, smiths, carpenters, tailors, shoemakers, joiners, barbers, millers, and masons, with other manual persons and artists, such are to be rated for returns and gains, proportionable unto other men, for the produce of their estates."

The discussion of the justice or expediency of an income tax would take more time than can now be spared. But we can say, in passing, that John Stuart Mill and other able political economists advocate such a tax, and even your committee are willing to compromise with their principles and have an income tax laid on the invested capitalist, if only he can be relieved of the tax of fourteen dollars on the value of his one-thousand-dollar bond, and pay an assessment of two dollars and a half from its income.

But they have no suggestion of compromise for the income tax upon the business man, and demand its repeal, although they say that "it does not amount to much in its result." They "repudiate" the "concession" of the assessors of Boston, as evidenced by the most liberal construction of which the law will admit, and word their argument for repeal in such a manner as to leave the inference that a tax that is older than the Constitution is itself unconstitutional. If they are right, it follows that the founders of our Commonwealth submitted to assessments that could not be justified by the organic law of which they were the authors.

But bolder than inference, they talk about the imposition of the tax upon those whose stocks of merchandise have been assessed, and declare that the action of the assessors is

"in direct violation of that provision of the laws 'that no income shall be taxed which is derived from property subject to taxation.'"

Before charging officers sworn to execute the law with direct violation of its provisions, and suggesting that they observe "more conscientiousness in this regard," would it not have been well for some member of the committee to have ascertained from the department at City Hall if there were not some justification for the construction they so hotly condemn? Had they done so, they would have been informed that the restraining language on which they rely was enacted forty years ago, and that twenty years ago the precise point upon which they base their argument was before our Supreme

Judicial Court, and was, by the full bench of judges, decided against the view of the law of which they are so certain. In the opinion, the Court begins with the statement that "the assumption on which the petitioner's case depends is a fallacy," and the case ends with the opinion that "we can not doubt that this tax is allowed and justified by the laws of the State."

The case, which is that of *Wilcox v. Middlesex* (103 Mass. 544), is commended to the study of the committee. It might follow that they would derive some information from the reasoning of the learned judge who wrote the opinion for the Court.

THE SINGLE TAX.

The next subdivision of the report is on the single-tax theory of Henry George. It is a satisfaction to agree with what seems to be the conclusion of your committee, or with any one who can give good reasons that will help the people to see through this wild scheme.

With its first appearance, I tested it by our valuations, and found that the whole yearly ground rent of the improved land of Boston would not meet the annual tax requirement. It goes without saying, that if such would be the result in our city, the scheme of the single tax would not work elsewhere.

In the early part of their argument, the committee say that

"the attempt to divorce land from the buildings or improvements thereon seems to us so unreasonable and unnatural, and to work such injustice, that it cannot be entertained by your committee, nor will it be sanctioned by the people of the Commonwealth."

This seems well enough. But near the close of the discussion of this branch of their subject, your committee observe that they

"are free to say that they can imagine a single tax upon land made in so fair, just, and reasonable a way as that some of the wise ends its friends seek to accomplish and some of those which more conservative tax reformers are striving after, might alike be attained."

How to make the first and last part of their argument agree, upon any other theory than that the conclusion is a bid for the assistance of the single-tax reformers, to help them carry their half-way scheme, is beyond my comprehension. I must leave the problem with the committee. And with their explanation will they kindly tell us if "every day . . . facts and opinions come to" them "which only strengthen the original opinion expressed" by the "distinguished professor of political economy," so that they are compelled to believe that the personal property of our city is "fourfold" that of its real estate, and the wealth of Boston is \$600,000,000 real and \$2,400,000,000 personal estate, where, in principle, is the Henry George scheme more unjust than their own? They would give up the attempt to make eighty per cent of the property of the community contribute to the public charges, and would lay the burden on the twenty per cent they would hold for taxation; and yet complain of the "injustice" of those who

move forward but one more step in the path of reform, and lay the assessment on ten per cent of existing property.

TAXATION AS APPLIED TO BOSTON.

But passing this topic, we come to the last subdivision of the report: Taxation in the City of Boston. And I find that under this head they discuss, and come to conclusions upon, city expenditures with special reference to some of the largest items, as paving, etc.; the borrowing of money, and the debt limit; the yearly rate of taxation; the franchises of certain monopolies, notably our gas, electric light, and street railway companies; the desirability of this last-named class of business being conducted by municipalities; the ways and means of the city, including the taxation of corporations by the State for the city's account; and liquor licenses; and finally, political jobbers and robbers, and the exemption of mortgages from taxation. I note the force of their arguments, and concur in many of their conclusions; but the scope of the review I have marked out will not allow me to touch any subject not directly connected with that annual deficiency that must be met by direct taxation.

THE TAXATION OF THE BUSINESS OF CORPORATIONS.

And first, a few words on the position of the committee as to the State tax on corporations. That the committee propose that the business men of Boston, who are carrying on their business under the charter of the State, shall be taxed on the personal property employed therein is manifest, from their estimate of ways and means under their twelfth conclusion.

In their "income from general sources" of \$2,400,000, the State corporation tax, which last year yielded to Boston's treasury \$820,564, is included; and this is their justification, in their own words:—

"It may be proper to say that to some it will perhaps seem unjust to relieve capital in business from taxation, while the surplus, as working capital in manufacturing corporations, will still be taxed by the State, and Boston get her substantial share. It must not be forgotten, however, that all corporations are creatures of the State; that the man who thus employs his capital faces only a limited liability; that it is becoming more and more the method of business men in doing a general mercantile business, because of the limited liability; that all the States avail themselves of this resource."

Your committee would destroy a system of taxation older than the Commonwealth because of the impossibility of reaching all personal property; and so great is the enormity of that system, by reason of this impossibility, that they are moved to declare, that

"when you think of the burden of taxation as being laid, so far as personal property is concerned, on, it may be, one fifth or one tenth part of that property, it is immaterial which, does not the injustice of this thing loom up so that it overshadows all others?"

And yet they come forward with a proposition, as a part of their scheme, not only to exact full taxes of our manufacturing companies, but of six merchants doing business in Boston, three are to be exempt, and three are to be taxed upon all their capital invested in personal property. The one man alone in business, the two constituting a firm are to be exempt; the remaining three, having organized themselves into a corporation, under the fourteenth section of Chapter 106 of the Public Statutes, are to be taxed, because "all corporations are creatures of the State," and persons "doing a general mercantile business," under corporate forms, face "only a limited liability." Probably your committee found, as most reformers do, that it is easier to tear down than to build up.

REVENUE FROM LIQUOR LICENSES.

With regard to another item of revenue, that from liquor licenses, your committee seem to be a little out in their figures and a little off in their morals. As to the amount of revenue, they say:—

"In regard to the income from licenses to sell intoxicating liquors, the gratifying fact appears that it has so increased that while one fourth goes to the State, yet the remainder gives our city treasury a million of dollars."

The statements of the city auditor's report must be accepted as conclusive. Sect. 14, Chap. 100, of the Public Statutes, requires that one fourth of the gross receipts from this source shall be paid over to the State Treasurer. The auditor's report shows that \$154,234.25 was so paid. This would give \$616,937 total receipts, with the city's share, \$462,702. But this share is charged by law with the extension and maintenance of the police signal system, and the general expense of clerks and officers employed in enforcing the license law.

The city report gives these in detail, and shows that the net revenue to the city last year was \$299,964.

But the committee point out how this loss can be repaired; they say:—

"The ease with which this income has increased is a plain indication of further possibilities in the same direction. It is suggested that special pains should be taken in this kind of taxation to discountenance public bars, which are *illegal now*; and the first-class hotel, that shall limit its sale to the dining-table and banish this *already illegal institution* from its premises, should be favorably considered, and the tax upon those who do not should be much larger than as at present. A classification of this sort seems, to your committee, *wise and just*."

Sympathy for a committee whose scheme starts out with an annual deficit of \$7,500,000, caused by the loss of personal taxes, and who want not only to replace that amount, but to find an increased revenue, compels me, while I look to their methods, to remember their difficulties.

But the proposition to charge one rate of license fees to those who keep within the law, and another and a higher rate to those who break it, leads

me to suggest that in this line there is a fruitful field for increase of revenue; and that a license for liquor to be drunk on the premises, might, for ten per cent advance, be changed to one to get drunk on the premises; and, at some price, a man might be licensed for twelve months to commit assault and battery.

But if the committee are serious in their proposal, to use their own language as applied to myself, I must

“unqualifiedly condemn both the spirit and method of treating the subject.”

ASSESSMENT OF PERSONAL PROPERTY BY THE STATE.

The committee recommend that direct State and county taxes be abolished so far as the assessment of real estate is concerned, and would raise the tax of the Commonwealth and her counties by the central authorities at the State House. This, they think, would be possible under their scheme of having our real estate taxed only for city purposes. In this connection they say:—

“Recognizing, however, the fact that an increased rate upon real property, which now bears three fourths of the taxation, would be misunderstood and excite opposition, they recommend on the part of the State such taxation of *personal property* as shall realize a sum about equal to the ordinary State tax, and the amount of the county taxes, say from \$3,000,000 to \$5,000,000.”

The State tax last year was \$2,000,000; for each of the two preceding years, \$2,250,000; the county taxes of 1889 amounted to \$1,823,000. The estimate of the committee is a fair one—call the sum \$4,000,000. Your committee evidently consider that the strongest reason for giving up local taxation of personal estate is, that a large part of it cannot be reached, and that to the extent that it is taxed, it is disproportionately assessed. The annual assessment and collection of \$7,500,000 by the local authorities makes the grievance that justifies their report and conclusions. They throw away the \$7,500,000, and ask the Commonwealth to assess more than fifty per cent of the amount on personal property. Do they think, by reducing the amount one half, that the new tax would be twice as just or only one half as unjust as the old one? Do they think that State officials, from the dome of the State House, can discover personal property better than can local assessors from three hundred and fifty city and town halls? Or perhaps they think that their adoption of the suggestion of the Tax Commission of 1875, and their recommendation for a legacy and inheritance tax, will, if put in the form of law, raise the amounts needed for State and county revenue. Possibly that result would follow if the committee would guarantee their estimates, and are good for their amount. The tax on collateral inheritance exists in Pennsylvania and New York. These States, in area, population, and natural wealth and resources, are vastly our superior. New York

is nearly six times larger, and, by the last census, nearly three times more populous, than Massachusetts. Your committee state that

"This tax realized to the State of Pennsylvania,

In 1888 over	\$700,000
In New York in 1887	551,716
In New York in 1888	736,000
Estimated in 1889	1,000,000"

The estimate of the official was a good one. The figures are just out; the five-per-cent tax realized \$1,076,000. Your committee's observation and estimate are, that

"As there are few States in the Union whose inhabitants lead the people of Massachusetts in the accumulation and distribution of property, this tax should realize to the State treasury not less than \$1,500,000 at the outset."

New York, two years ago, was receiving only about one third of what the committee expect to get at the outset.

A law taxing collateral inheritance ought not to be difficult of enactment. But while love for wife and children remains an animating sentiment of the human race, it will be impossible to pass a succession tax law that will attempt to produce a large revenue, or, if passed, to enforce it with uniformity. Such a tax, if considered burdensome, would be defeated by *ante mortem* gifts. Yet your committee, in their estimates, after putting the collateral tax at \$1,500,000, put the annual income of their proposed succession tax at no less amount than \$2,500,000, for they say: —

"Your committee have no doubt that these two State taxes will annually at least equal the \$4,000,000 of State and county tax."

Before looking to neighboring States with such unfortunate results, your committee should have remembered that Massachusetts has had experience in this class of assessments, and that it is not twenty years since the United States discontinued its legacy and inheritance tax.

In 1871, the last year of its operation, personal estate, assessed at three fourths of one per cent to parent or child, brother or sister, and with increasing rates up to six per cent to a stranger in blood, produced \$292,131; and real estate, assessed to the immediate family at one per cent, to brothers and sisters at two, to collaterals at four and five, and to strangers at six per cent, produced \$71,378; a total of \$363,509. Both taxes united, from 1863 to 1871, produced less than one half of the amount your committee "have no doubt" will annually be forthcoming if their recommendation is adopted, the exact figures for nine years being \$1,934,392.

The void the committee made, they have not filled. What class of personal property will the committee recommend the State to tax to provide for the deficiency? And how will they prevent still greater injustice than they claim now exists?

THE VALUATION OF PERSONAL PROPERTY IN BOSTON.

Before I review their concluding remarks, I have a few words to say as to another class of their estimates. Your committee have assumed all through their argument that the assessable personal valuation of Boston was the \$201,606,300 borne on the assessors' rolls at City Hall. They make no mention of \$54,836,500, the investments of our Boston residents in Massachusetts corporations, or of \$1,493,100, the shares of national banks in the State, but out of Boston held by our citizens, although these figures, with the explanation of their meaning, are contained in the assessors' statement, printed as an appendix to the auditor's report.

The committee were not unaware of this class of statistics. From the report of April last, containing the figures of May 1, 1888, they took the number and value of the vacant houses of the city, while discussing the effect of the single tax. It does not trouble me that they gave the credit of the compilation to the auditor, but it does that they should drop out of sight twenty-two per cent of Boston's assessed personal. I can not explain these classes of property more concisely than to say, that the State taxes the corporations, or receives their assessment, and pays over to the city the tax on the shares of its residents. I will add, however, an extract from the report, which I shall not say I quote, for the language is my own:—

"As the revenue from these two sources is always estimated before the amount to be raised by taxation is determined, the effect of the valuation of this property in reducing the rate of taxation upon the \$764,452,548 assessed by the city is, as nearly as may be, the same as though its amount was included in the assessors' aggregate, and the taxes were assessed by them.

"The total valuation of personal estate which is assessed for all purposes for which the city must raise money by taxation can, for the year 1888, be put at \$257,768,873."

Possibly the committee left this trifle of \$56,000,000 out of their computation, because, while they intend that all other personal property shall go free, their scheme proposes that these classes shall be held for full taxation. I cannot help again quoting their own words:—

"Now, when you think of the burden of taxation as being laid, so far as personal property is concerned, on, it may be one fifth or one tenth part of that property, it is immaterial which, does not the injustice of this thing loom up so that it overshadows all others?"

The taxes for present year (May 1, 1889) are not yet fully collected and paid over to the city; but the indications point to a larger return than that of last year. As you further consider your committee's report, keep Boston's assessed valuation in mind as \$260,000,000.

THE EFFECT OF THE EXEMPTION OF PERSONAL PROPERTY ON REAL ESTATE.

But retaining the revenue from personal property in Massachusetts banks and corporations, *so that under their scheme if a man held shares in a foreign company he would be exempt, but if he held in a home corporation he would be taxed*, your committee promise, if their plan is adopted, with a million dollars added to the tax levy, the bills can be settled at City Hall, with only three dollars added to the rate, the tax to be based on real estate alone. Your committee admitted in an early part of their report that they had a difficult problem. They said that

"The task given your committee, so far as Boston is concerned, is doubly arduous because of the immediate twofold requirement.

"The problem here, then, is not simply to release all personal property and keep the tax rate about where it is, but to *add* a million or more to our income, as well as release all personal property, and keep the rate where it is."

The committee think they have successfully accomplished their task. By such estimates as have been considered they have disposed of the State and county taxes; have retained the city's income from corporate investments and licenses, and find that a rate of \$16 per \$1,000 on \$600,000,000 real estate will produce \$9,600,000, which, added to the income just indicated and from other sources, would make a total of \$12,400,000, and give the \$12,000,000 the city needs. From their stand-point this computation seems correct. But I am confident when the full effect of your committee's scheme shall be felt, you would not have \$600,000,000 of real estate to assess. The right of the government to tax is a mortgage on your property to-day. What we call a first is in reality a fifth mortgage. The debt of the nation, the State, the county, and the city are all below the mortgage, and public securities are a choice class of credit property because of the paramount right of government to tax for principal and interest, with a lien on the estate. The greater the mortgage, the less the value of the equity. Your committee put the proportions of assessed real and personal at seventy-five per cent real, twenty-five per cent personal. When the taxes assessed at the State House, in respect of personal property, are added to those of the local assessors, their true proportions are shown to be fifty-eight and forty-two per cent, respectively. By the increase of the tax rate from nine to twelve dollars for city purposes, an advance of thirty-three per cent, and to a greater per cent if the city must still carry a part of the State and county taxes, your committee propose to add to the present direct tax on real estate from a third to a half, and expect that it will retain its present value. The effect of exemption on the property remaining to be taxed can perhaps be better understood by an illustration. Start from our city boundary and draw a line run-

ning east and west, through Beacon, School, Washington, and Milk streets to the water, and by our main ship-channel to the outer harbor. North of that line a fairly close computation found \$185,200,000 real estate; call it \$200,000,000, and say that south of the line there is \$400,000,000. Pass a law that will exempt that \$200,000,000 from taxation, and lay the whole burden on the \$400,000,000. Does any one suppose that when it was sure that the conditions would continue, that one third of the value of the city would be found on one side of the line and two thirds on the other? Such effect will be produced on real estate by the exemption of personal property. Mr. Gleason, our late State Treasurer, stated that he thought such taxation would diminish the value of the real estate one third. The gentleman who will speak after me has worked out the problem more definitely. In a recent speech before a legislative committee, he puts the confiscation that would be worked by the Henry George scheme at \$550,000,000, and a tax on real estate alone (land and buildings) at \$110,000,000, this last tax increasing the average rate of Massachusetts from \$15.06 to \$27.29.

What the shrinkage would be must remain a matter of opinion. But assume it to be one third, and the basis of the tax would drop to \$400,000,000, and to raise \$10,000,000 would require a rate of 25; or if we discard all income from personal sources and raise the \$12,000,000 the committee want, we must have a rate of three per cent, or 30 per \$1,000.

THE EFFECT OF THE PLAN OF THE COMMITTEE.

Now, try the committee's plan. The three-thousand-dollar house at the present rate of thirteen per thousand bears a tax of \$39. On their scheme, \$3,000 valuation, less \$1,000 exemption; net, \$2,000. Tax at twenty five per thousand, \$50, or on full valuation, \$75.

The fifty-thousand-dollar warehouse at thirteen carries a tax of \$650. But on the committee's plan, raised ten per cent to \$55,000, its tax at twenty-five is \$1,375. With taxes on real and personal at thirteen per thousand, the warehouse could cover \$50,000 of merchandise, and pay \$75 less tax than by the plan of the committee.

THE MORTGAGE QUESTION.

And now a few more words on the closing statements of the report, and I have done. I never expect to agree with the honorable chairman of your committee on a question of taxation, but I certainly never expected to disagree with him on a question of fact. But when he says that in the struggle which resulted in the exemption of money secured by mortgage, the chairman of the Boston assessors and "certain parties" who were lenders of money upon mortgage security were on one side asking for taxation, and on the other side "only the people," I must disagree with his statement. On the occasions to which he refers, called before legislative committees by vote of those bodies, I represented only my own opinions. But I believed then and

I believe now, that I was on the side of, and not against, the people. The credit of the exemption of secured debts (while unsecured debts are still taxed), in my opinion, belongs more than to any other man to the Hon. A. W. Beard, the friend and neighbor of your chairman of committee; and it was that gentleman who received the aid and assistance of the lenders of mortgage money. They saw, as clearly as did the chairman of the Boston assessors, that the enactment in the form in which it was passed was powerless to help the borrowers, and taxed all other classes for the benefit of the lenders of capital. I am surprised that the committee should be so mistaken as to put three leading Boston trustees, holders then and now of large amounts of mortgages, as allies of mine in that contest, when, in fact, they were my ablest opponents.

But as to the results of this law it is not surprising that I should disagree with the committee; they say that

"The rate of interest upon mortgages has fallen to so reasonable a figure that nobody complains; even the well-to-do business man can hardly afford *not* to have a mortgage upon his home."

We all admit that the rate of interest on mortgages has fallen since the enactment of the law of 1881. Two years before that law went into effect the average rate of interest upon the mortgages of all parts of the State was $6\frac{1}{10}\%$ per cent. After seven years' operation the records show that the mortgages recorded in the first five months of 1889 were at an average rate of $5\frac{8}{10}\%$ per cent, a difference of $\frac{8}{10}\%$ per cent. With the average tax of the State, as determined by its tax commissioner, at $1\frac{4}{10}\%$ per cent, clearly the borrower has not received the whole advantage of the exemption, unless the rates of interest have been advancing during the last decade. That can hardly be, when within a week Boston has sold its $3\frac{1}{2}\%$ per cents, liable to taxation, at a premium. We all know that interest has receded largely during the last eight years. All the concession that lenders of money upon mortgages have made to their borrowers they have been compelled to make by the laws of trade, not by those of the State. I am satisfied that were the laws that sustain the present exemption of mortgages repealed by the present Legislature, as mortgages fell in, the lenders would take the rate fixed by the money markets of the world, and pay their own taxes; and if they refused to do so, foreign capital would give borrowers all they required at that rate.

Not alone as a tax-gatherer have I had opportunities to study this problem. One of the ways in which I work for the public is as the unsalaried president of a savings bank with some two and a quarter millions of assets, nearly one half of which is in mortgages. I have held the position six years. As a member of its Board of Investment I have known of every transaction that has taken place in that time, and not a dollar has been loaned upon mortgage at less than five per cent. As second on your committee, I recognize the name of my friend, the chairman of the Commission of Public Institutions, who, like myself, is the president of a Boston savings bank. When he

places his mortgages at five per cent, or better; gets the remission of the one half per cent tax at the State House on the amount he has invested, and then buys the high-grade securities, in which alone savings bank funds can be placed, at such a rate of premium that the interest is reduced to three and one half per cent; finds that the one half per cent tax reduces the income to a net three per cent, he needs no one to tell him which is the better investment, or which can better bear the tax. But he must not ask of us such blind confidence that we accept, even from him, a statement that implies that the imaginary lines that separate Massachusetts from her sister States are barriers that control the price of money. Your committee say:—

“Massachusetts mortgages have become the best possible investment for trust funds, and the scanty income of the widow and orphan from this source is not required to be divided with the town or city in taxes.”

The widow and orphan are protected now by Massachusetts law from oppressive assessments, whatever the class of property held by them. The assessors of Boston annually remit a large amount of taxes upon real estate, which shelters the children of poverty. But from the statement of the committee strike out “scanty” and insert *ample*, strike out “widow and orphan” and insert *mortgagee*, and I will admit that it correctly describes the effect of the present law. And, lastly, say the committee:—

“After the readjustment to the new order of things had taken place, there was no perceptible increase in the rate of taxation; and this reform, which puts millions into the pockets of the people in the reduced rates of interest upon mortgages and increased value of real estate, to all appearances costs the general tax-payer nothing.”

No perceptible increase in taxation? In 1881, the last year that mortgages were taxed, the rate in Boston was \$13.90. In 1882, upon their exemption, the rate went with a bound to \$15.10, notwithstanding a \$12,000,000 gain in real-estate valuation. In 1883 the rate was \$14.50, to be succeeded in 1884 by the highest rate our city has ever known, \$17.00 per \$1,000. Since that date the rate has been comparatively moderate. But no one can trace any connection between the reduced rates and the mortgage law. The reason for the reduction is manifest.

The law of 1885, limiting the rate of taxation, produced it, and has left such a void in the city treasury that your committee are hunting for an extra million to help fill it. Your committee use cautious words at the close of this statement, “to all appearances costs the general tax-payer nothing.” It costs him the shortage in the treasury, which must be met by increased taxes or his share of the discomfort of neglected streets. An illustration will perhaps make this clear. Our wards 13, 14, and 15 have a valuation of \$35,000,000,—just about the amount of mortgages that could be taxed, if the law was now as it existed down to 1881.

I do not mean to say that there are only that amount of mortgages, out-

side savings banks and corporations, held in Boston to-day. When the law taxed them, it treated them as credits, to be offset, before they could be taxed, by the debts of their holders, just as your ledger credits are diminished before assessment by your liabilities. But the taxable mortgages under the old law and the valuation of South Boston are about the same. Exempt the district from taxation, give the residents police, fire department, schools, in short, all the costs of government without cost to them, at the expense of the rest of the city. The rate of taxation would rise. But that might be met by an enactment reducing our tax limit from nine to eight dollars for city purposes. Your committee would only have to recommend that instead of a million more than we are now raising, that a million and a half be found, and they could again report that "to all appearances," the new exemption "costs the general tax-payer nothing."

But before leaving this branch of the report, let me call attention to one more statement of the committee. They say:—

"Having in this reform flung out of the tax levy of the Commonwealth from one to two hundred millions of Massachusetts mortgages, what is there at all alarming in the bolder step of doing the same thing with five hundred millions more of personal property, the inevitable result of which cannot fail to be a correspondingly greater boon to every interest in the State?"

The highest amount of mortgages assessed under the old law was \$62,510,000. At the present time, had the law been continued, the amount would have been about \$80,000,000. The official figures, a year old, as to personal property locally assessed, were, in round numbers, \$532,000,000. A statement so immensely broadened at one end and clipped at the other can hardly be called accurate.

EFFECT OF TAXES ON REAL ESTATE ALONE FURTHER CONSIDERED.

My review of the report of your committee has taken more of your evening than can fairly be given to one person.

I have no time to say a word in defence of the Massachusetts system of taxation, or to trace to any considerable extent the incidence of the system your committee would recommend. But a tax on real estate alone is a tax on consumption. It will tax a man in proportion to the number of persons in his family, and without other reference to his ability to pay assessments than the value of the estate he occupies. It will largely exempt the rich; and directly upon the owners of small estates, and indirectly through increased rents, will terribly tax the poor. Let me illustrate again, and as tax records are public property, I shall not hesitate to use my own. Leaving out of the account my vacant land (for poor people cannot carry that class of property), I was taxed last year on twelve small estates in Ward 14. I live in one, and let the others to fourteen families. My tax on this property was \$525.03. At \$25 per \$1,000, which I think fairly represents the rate under

the committee's scheme, it would be \$1,017.50. I do not in this illustration make any allowance for the shrinkage of real estate, for the committee's plan would not effect much reduction of values of cheap land. There is not much value to shrink. The buildings would not recede in value, for if such property will not pay as fair a return to capital as untaxed personal estate, it will not be built. The higher the cost of the land, the greater the loss to the owner. Taking the \$25 instead of the \$30 rate is, I think, allowance enough to make the illustration a fair one. But if I can take advantage of the unconstitutional beneficence of the committee, and deduct \$1,000 from the value of my estates, worth \$3,000 or under, the tax will be \$150 less, or \$867.50, an advance of ninety-three per cent on the first, or sixty-five per cent on the second statement of the case. Who pays this increase? The committee think it so clear that the

"addition to the burden of taxation upon real estate will not in the end come out of the real-estate owner"

that they will not repeat the familiar argument. I cannot agree with them that it is so clear. I think the addition would come out of me to the extent of the land value, and out of my tenants for the value of the buildings. Fortunately for me, land is cheap in that location. Including the value of the house in which I live, my share of the added burden would be thirty-eight per cent, and my tenants, nearly all of the wage-earning class, must carry over three hundred dollars, sixty-two per cent, of the tax added to their homes. Every time they visit the corner grocery, or buy elsewhere the clothing or subsistence of their family, in the price of goods increased by increased rentals, they must be further taxed. Still worse will be their condition if the committee are right, and under their proposed law I have the power to put the whole increase upon them. In either case they must come down in their scale of living. The tenant will save less of his earnings, the owner will have less of income, but both together, with the help of business taxed through added rents, can relieve the capitalist from personal assessments, and so help to create other "centres of wealth, beauty, and an attractive and money-spending people," beside those now existing. That the ability to do this exists there can be no doubt. The wages of the manual labor class in England exceed the united income of the middle class and the aristocracy. Your committee clearly intend that that class shall continue to contribute, when the millionaire is released from all direct tax on his personal property. Nowhere is there a suggestion to give up the tax upon savings-bank deposits, which last year yielded to the State a revenue of \$900,000.

The tax reformers who are ever planning that some class other than their own shall carry the burden of taxation, may well halt where they are. We live in times that are not favorable to transplanting to American soil the tax methods and class distinctions of the governments of Europe.

Questions of labor, capital, and taxation are year by year taking more and more a hold on the masses of the people.

The path your committee have marked out will be a difficult one to follow, and were it not for the fact that our form of government provides a peaceful way for the determination of such problems, it would be a dangerous one to tread.

We must remember that a majority of our voters pay only a poll tax, and that a vast majority of our people either pay no property tax or one that would be affected unfavorably by such changes as those recommended by your committee. It cannot be that those best able to bear assessments will be able to transfer their tax burdens permanently to those who hold the political power of the State. It is much more reasonable to suppose that the system of taxation which has existed substantially unchanged in our prosperous Commonwealth for nearly three centuries will still require all citizens, each as nearly as may be according to his ability, to contribute to the support of the government that protects all within its borders, and should know no favored class.

STANDING COMMITTEES.

TRANSPORTATION.

- HON. ALDEN SPEARE *Of the Oil Trade Association.*
MR. WM. O. BLANEY *Of the Chamber of Commerce.*
MR. WM. B. RICE *Of the Shoe and Leather Association.*
MR. J. M. W. HALL . . *Of the Bay State Lumber Trade Association.*
MR. P. FRANK HENNIGAN . . *Of the Fruit and Produce Exchange.*

MAIL SERVICE.

- MR. JOHN D. MORTON *Of the Paint and Oil Club.*
MR. JOSEPH BURNETT *Of the Druggists Association.*
MR. OSCAR H. SAMPSON *Of the Merchants Association.*
MR. GEORGE O. CARPENTER . *Of the Underwriters Association.*
MR. JOHN L. BATCHELDER *Of the Coal Exchange.*

CUSTOMS.

- MR. CHARLES I. THAYER *Of the Drysalters Club.*
MR. GEORGE W. HERRICK *Of the Metal Association.*
MR. CLARENCE B. MITCHELL *Of the Fish Bureau.*

BOSTON

Executive Business Association.

LIST OF ASSOCIATIONS REPRESENTED.

BAY STATE LUMBER TRADE ASSOCIATION.

BOSTON BOARD OF FIRE UNDERWRITERS.

BOSTON CHAMBER OF COMMERCE.

BOSTON DRUGGISTS ASSOCIATION.

BOSTON EARTHEN-WARE ASSOCIATION.

BOSTON FISH BUREAU.

BOSTON FRUIT AND PRODUCE EXCHANGE.

BOSTON GROCERS ASSOCIATION.

BOSTON MERCHANTS ASSOCIATION.

BOSTON PAPER TRADE ASSOCIATION.

BOSTON STATIONERS ASSOCIATION.

COAL EXCHANGE OF BOSTON AND VICINITY.

DRYSALTERS CLUB OF NEW ENGLAND.

NEW ENGLAND SHOE AND LEATHER ASSOCIATION.

NEW ENGLAND FURNITURE EXCHANGE.

NEW ENGLAND METAL ASSOCIATION.

OIL TRADE ASSOCIATION OF BOSTON.

PAINT AND OIL CLUB OF NEW ENGLAND.

THE MASTER BUILDERS ASSOCIATION.